

DEAL PROFILE

AMGEN | OTEZLA

VALUES**\$13.4bn****\$1.8bn****7.6x**Purchase Price¹

Otezla LTM Net Sales

EV / LTM Net Sales

**AMGEN INC. (NASDAQGS:AMGN)**

Amgen Inc. discovers, develops, manufactures, and delivers human therapeutics worldwide. It offers products across various therapeutic classes, including oncology/hematology, cardiovascular, inflammation, bone health, and neuroscience. Amgen was founded in 1980 and is headquartered in Thousand Oaks, CA.

TEV: \$128.7bn

LTM EBITDA: \$12.1bn

LTM Revenue: \$23.6bn

**OTEZLA – CELGENE (NASDAQGS:CELG)**

Otezla (apremilast) is a prescription medicine approved for the treatment of patients with moderate to severe plaque psoriasis for whom phototherapy or systemic therapy is appropriate, of adult patients with active psoriatic arthritis, and/or of adult patients with oral ulcers associated with Behcet's Disease. Celgene is a biopharmaceutical company that discovers, develops, and commercializes therapies for the treatment of cancer and inflammatory diseases worldwide. The company was founded in 1980 and is headquartered in Summit, NJ.

TEV: \$23.9bn

LTM EBITDA: \$3.5bn

LTM Revenue: \$11.3bn

BOURNE PARTNERS MARKET RESEARCH

Bourne Partners provides strategic and financial advisory services to clients throughout the business evolution life cycle. In order to provide the highest level of service, we routinely analyze relevant industry trends and transactions. These materials are available to our clients and partners and provide detailed insight into the pharma, pharma services, OTC, consumer health, and biotechnology sectors.

OVERVIEW

On August 26, 2019, Amgen announced that it had agreed to buy Celgene's psoriasis treatment, Otezla, for \$13.4bn in cash, well above analyst estimates of \$7.0-10.0bn. Amgen said that the deal is worth about \$11.2 billion, net of anticipated future cash tax benefits. Bristol-Myers Squibb, who is in discussions to purchase Celgene, said the sale of Otezla is contingent on a consent decree with the FTC and completion of its own acquisition of Celgene. Following the news, shares of Bristol-Myers Squibb rose 4.2%, Celgene shares added 3.7%, and Amgen's shares climbed 2.1%.

Otezla, which is expected to realize Net Sales of ~\$1.9bn in 2019 and \$2.1bn in 2020, has exclusivity through 2028 in the US, providing some relief to Amgen as it experiences pressure from copycats to its white blood cell booster, Neulasta, and calcium reducer, Sensipar. Amgen also believes this product will be complementary to its long-standing expertise in psoriasis and inflammation, the acquisition will be immediately accretive on a non-GAAP basis, and the product is expecting low double digit Sales growth for the next several years. Amgen could also experience some salesforce synergies with Enbrel, another arthritis treatment that Amgen owns. As for the seller, this divestment was required by federal regulators in order to increase the likelihood of approval on Bristol-Myers' ~\$74.0bn proposed acquisition of Celgene, now expected to close by the end of the year. Bristol-Myers expects to use the proceeds to pay down debt, hoping to drop its leverage to 1.5x EBITDA by 2023.

HIGHLIGHTS

Source(s): CapitalIQ: August 2019, WSJ, Celgene.com, Amgen.com, BioPharma Dive, Alliance Bernstein

1) Deal is worth about \$11.2bn, net of anticipated future cash tax benefits